

Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Interim Management Statement for the first four months of 2020¹

Strong increase in client activity drives significant improvement in profitability

Zurich, 19 May 2020 – Julius Baer delivered a robust financial performance in the first four months of 2020 and continues to benefit from a strong capital position as well as a solid and liquid balance sheet.

Philipp Rickenbacher, CEO of Julius Baer, said: “We are pleased to be able to report a strong start to the year, although it is clearly too early to assess with any certainty the impact of the COVID-19 crisis on the global economy, the financial markets, and the results of Julius Baer for the remainder of 2020. I am grateful to our clients for their continued trust in Julius Baer. The current circumstances have given us even more impetus to connect with our clients, and to provide advice and develop innovative solutions for our clients. Furthermore, I am impressed by the unwavering commitment, professionalism, and team spirit shown by all staff in this challenging period, and the broad support across the Group for the implementation of our strategic agenda.”

Despite the increased order and trade volumes following the COVID-19 outbreak, Julius Baer has continued to operate and deliver its products and services with virtually no interruptions. Besides mastering the operational challenges and ensuring the health and safety of its clients and staff, the Group has continued to implement its strategic agenda. As previously announced, Julius Baer also donated CHF 5 million to emergency aid programmes in Switzerland and internationally to meet the immediate and most urgent needs of people and communities affected by the COVID-19 crisis.

Significant improvement in profitability

The first four months of 2020 were characterised by the impacts of COVID-19, including the exceptional increase in market volatility and trading volumes. As a result, and despite a slightly negative impact from lower net interest income and a moderate rise in expected credit losses, the gross margin rose to 95 basis points (bp). While particularly strong in March, the gross margin in each of the four months was significantly above the 82 bp reported for the full year 2019.

Following the 2019 cost-reduction programme, operating expenses in the first four months of 2020 were lower than in the same period last year. As a result, the adjusted cost/income ratio improved to 64%, down from 71% for the full year 2019, and the adjusted pre-tax margin to 35 bp, a significant increase from the 22 bp reported for the full year 2019.

Assets under management declined to CHF 392 billion at the end of April 2020, a year-to-date decrease of 8%, as net new money inflows were more than offset by negative market performance

¹ Based on unaudited management accounts. This media release contains certain financial measures that are not defined or specified by IFRS, the definitions of which are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

and the strengthening of the Swiss franc – particularly against the euro, Brazilian real, and British pound. The annualised net new money growth rate for the first four months of 2020 was slightly higher than 2%, as solid inflows in Julius Baer’s wealth operations (particularly from clients domiciled in Europe) were partly offset by client deleveraging-driven outflows.

Solid capital position

At the end of April 2020, the Group’s BIS CET1 capital ratio stood at 13.8% (end 2019: 14.0%) and the BIS total capital ratio at 21.7% (end 2019: 22.1%), thus significantly above the regulatory requirements of 7.9% and 12.1% respectively. The capital ratios were affected by a more than CHF 50 million negative impact on capital from a re-measurement of the Group’s defined benefit obligations as well as by the CHF 0.8 billion full impact on risk-weighted assets from the new Standard Approach for Counterparty Credit Risk (SA-CCR) that was implemented at the start of the year. The Group has continued to accrue a dividend for the current financial year.

On 14 April 2020, the Group announced that it would propose to its shareholders to split the previously announced distribution of CHF 1.50 per share for the financial year 2019. This proposal followed a request from FINMA and underlines Julius Baer’s support for a joint effort by all parties involved in the face of the COVID-19 crisis and for the measures approved by the Swiss Federal Council. The first distribution of CHF 0.75 per share was approved by shareholders at the Ordinary Annual General Meeting held on 18 May 2020. In the absence of a drastic change of circumstances, the second distribution of CHF 0.75 per share will be proposed for approval at an Extraordinary General Meeting expected to be held on 2 November 2020. As the total proposed distribution of CHF 1.50 per share (in two instalments) had already been deducted from Julius Baer’s capital in 2019, the decision has no impact on the Group’s capital ratios reported above.

At the request of FINMA to Swiss banks, the Group paused its current share buy-back programme in March. Since the start of the programme in November 2019, a total of 2,585,000 shares have been repurchased at an aggregate acquisition cost of CHF 113 million, of which 1,830,000 shares (CHF 77 million) so far in 2020.

On 4 May 2020, the Group announced it will exercise its option to redeem on the first call date of 5 June 2020 all of the outstanding AT1 bonds issued on 5 June 2014 in the aggregate nominal amount of CHF 350 million.

Strategy implementation on track

In February 2020, Julius Baer presented a three-year programme to enhance value creation for clients, improve its productivity and efficiency, and strengthen its risk culture and teamwork. The execution of this programme has continued as planned. Cost-reduction measures were initiated in February, ongoing investments in client coverage and connectivity were pushed ahead, and the newly developed Code of Ethics and Business Conduct was rolled out Group-wide.

One of the steps announced in February was the closure of Julius Baer’s booking centre in Nassau, The Bahamas, as part of the efforts to simplify the Group’s structure and enhance its efficiency. Following this announcement, Julius Baer received purchase offers for its Bahamas operations and reached an agreement with Ansbacher (Bahamas) Ltd., which will acquire Julius Baer Bank (Bahamas) Ltd., with remaining assets under management of around CHF 1 billion, for an undisclosed amount. The closing of the transaction is expected to take place in the second half of 2020, subject to customary transaction-related conditions, including regulatory approvals.

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Important dates

20 July 2020: Publication and presentation of 2020 half-year results, Zurich
19 October 2020: Publication of Interim Management Statement for first nine months of 2020
2 November 2020: Extraordinary General Meeting, Zurich

About Julius Baer

Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. At the end of April 2020, assets under management amounted to CHF 392 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

Julius Baer is present in over 25 countries and more than 60 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Mexico City, Milan, Monaco, Montevideo, Moscow, Mumbai, São Paulo, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

For more information, visit our website at www.juliusbaer.com

Cautionary statement regarding forward-looking statements

This media release by Julius Baer Group Ltd. ('the Company') includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve all matters that are not historical facts. The Company has tried to identify those forward-looking statements by using the words 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions in Switzerland, the European Union and elsewhere, and the Company's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. The Company and its subsidiaries, and their directors, officers, employees and advisors expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this media release and any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.